

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 STR-07 STRE-00 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 XMB-02 OPIC-03 MMO-01 JUSE-00 AF-10
EA-10 EUR-12 NEA-11 /173 W
-----087795 131900Z /43

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FM USMISSION GENEVA
TO SECSTATE WASHDC 9589
INFO AMEMBASSY BRASILIA

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PASS STR ELECTRONICALLY
PASS TREASURY

E.O. 11652: N/A
TAGS: ETRD, GATT, BR
SUBJECT: GATT - BALANCE OF PAYMENTS CONSULTATIONS -
BRAZIL

REF: STATE 112657

1. AS INSTRUCTED REFTTEL, WE HAVE APPROACHED KEY DELS
SEEKING SUPPORT FOR FULL BOP CONSULTATIONS WITH BRAZIL.
ALL DC DELS WILL, AS IN PAST, SUPPORT US ON QUESTION OF
PRINCIPLE THAT FULL CONSULTATIONS SHOULD BE UNDERTAKEN
IF ONE MEMBER OF THE COMMITTEE REQUESTS THEM. WE MAY HAVE,
HOWEVER, SOME DIFFICULTY IN GETTING OTHERS TO ASSOCIATE
THEMSELVES WITH REQUEST FOR FULL CONSULTATIONS ON MERITS
OF THE CASE. AUSTRALIAN DEL SAYS AUSTRALIA WILL WAIT
UNTIL IT EXAMINES BASIC DOCUMENTATION BEFORE DECIDING
WHETHER TO JOIN U.S. REQUEST. NORDIC DEL WILL SUPPORT US
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ON PRINCIPLE BUT UNLIKELY TO JOIN IN REQUEST. EC DEL
(LUYTEN), ON THE OTHER HAND, URGES US TO AVOID A CON-
FRONTATION WITH BRAZILIANS IN ORDER NOT TO PREJUDICE MTN
NEGOTIATIONS IN THE FRAMEWORK GROUP. WHILE EC WOULD
SUPPORT US IN PRINCIPLE, LUYTEN GAVE IMPRESSION THAT EC
MAY NOT JOIN IN REQUEST FOR FULL CONSULTATIONS, DESPITE
OUR POINTING OUT THAT EC FAILURE TO DO SO WOULD HEIGHTEN

POSSIBILITY OF SUCH A CONFRONTATION. LUYTEN SUGGESTED WE SEEK SOME FORMULA OF PUTTING OFF BRAZILIAN CONSULTATION, PERHAPS ON EXCUSE THAT DOCUMENTATION WAS RECEIVED TOO LATE FOR FULL CONSIDERATION. (GATT SECRETARIAT SAYS BRAZILIANS HAVE RECALLED BASIC DOCUMENT FOR FURTHER EDITING BEFORE LETTING GATT SECRETARIAT RELEASE IT. WE HAVE, HOWEVER, OBTAINED A BOOTLEG COPY WHICH HAS BEEN POUCHED TO TREASURY (ATTN: BARBER). SEE SEPTTEL FOR SUMMARY.) CAN DEL AND JAPAN DEL ARE SEEKING INSTRUCTIONS. 2. COMMENT: DOCUMENTATION TENDS TO SUPPORT BRAZIL CASE FOR CONTINUED RESTRAINTS AND MAY MAKE IT DIFFICULT FOR AUSTRALIA AND OTHERS TO JOIN U.S. REQUEST. WE CONTINUE TO BELIEVE, HOWEVER, THAT SUCH MATTERS AS RESERVE LEVEL, DATE OF LAST CONSULTATIONS, ETC., ARE NOT ONLY FACTORS THAT SHOULD BE TAKEN INTO ACCOUNT, AND THAT BRAZIL, BECAUSE OF GENERAL LEVEL OF ITS ECONOMIC DEVELOPMENT, SHOULD BE CALLED UPON TO RENDER A FULL ACCOUNTING. ALSO, BRAZILIAN DEL'S STATEMENT AT U.S./BRAZIL TRADE CONSULTATIONS (SEE BRASILIA 3719) THAT BRAZILIAN TARIFF OFFERS IN MTN WOULD STILL BE SUBJECT TO BOP MEASURES GIVES AN ADDITIONAL REASON FOR WANTING TO EXAMINE THESE MEASURES IN ORDER TO ASCERTAIN POTENTIAL VALUE OF BRAZILIAN TARIFF CONCESSIONS. WE HAVE NOT APPROACHED BRAZILIANS YET, WANTING FIRST TO HAVE RESPONSES FROM MAJOR DC DELS AND AT LEAST APPEAR TO HAVE STUDIED BRAZILIAN BASIC DOCUMENT. WE INTEND TO APPROACH BRAZILIAN DEL AFTER LIMITED OFFICIAL USE

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RECEIVING DOCUMENT OFFICIALLY AND AFTER MORE DETAILED RESPONSES ARE RECEIVED FROM DC DELS. IF BRAZILIANS APPEAR LIKELY TO FOLLOW INDIAN LINE, THAT IS, ACCEPT FULL CONSULTATION WHILE MAKING CLEAR THAT ACCEPTANCE DOES NOT PREJUDICE THEIR MTN POSITION, WE SHOULD FOLLOW RECOMMENDED POSITION REFTTEL. IF, HOWEVER, BRAZILIANS APPEAR READY TO FORCE CONFRONTATION ALONG LINES OF PAKISTAN CASE AND OTHER DCS APPEAR UNLIKELY TO ASSOCIATE THEMSELVES WITH U.S. REQUEST, WE MAY WISH TO SEEK MEANS OF POSTPONING ISSUE. USMTN DEL AGREES THAT SHARP CONFRONTATION ON THIS ISSUE IN BOP COMMITTEE AT THIS STAGE OF NEGOTIATIONS COULD BE COUNTERPRODUCTIVE BOTH IN FRAMEWORK GROUP AND IN FOSTERING MORE FORTHCOMING ATTITUDE ON PART OF BRAZILIANS ON OTHER ASPECTS OF MTN, ESPECIALLY TARIFFS. SORENSON

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